IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

****

Date of Decision: 27.01.2026

1. ITA-645-2008

COMMISSIONER OF INCOME TAX -II, CHANDIGARH
...Appellant

Versus

M/S GLAXO SMITHKLINE CONSUMERS, PATIALA ...Respondent

2. ITA-263-2009

COMMISSIONER OF INCOME TAX -II, CHANDIGARH
...Appellant

Versus

M/S SMITHKLINE BEECHAM CONSUMER HEALTH CARE LTD. (NOW M/S GLAXO SMITHKLINE CONSUMER HEALTH CARE LTD.
...Respondent

CORAM:- HON'BLE MR. JUSTICE JAGMOHAN BANSAL
HON'BLE MR. JUSTICE AMARINDER SINGH GREWAL

Present:- Ms. Urvashi Dhugga, Sr. Standing Counsel
Mr. Vaibhav Gupta, Advocate and
Ms. Kavita, Advocate
for appellant-Income Tax Department

Mr. Rohit Jain, Advocate *(through V.C.)*
Mr. Abhishek Sharma, Advocate for
Mr. Vishal Gupta, Advocate for the assessee

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<u>JAGMOHAN BANSAL, J. (ORAL)</u>

1. As common issues are involved in the captioned petitions, with the consent of both sides, the same are hereby disposed of by this common order. For the sake of brevity and convenience, facts are borrowed from **ITA-645-2008.**

2. The appellant through instant appeal under Section 260A of the Income Tax Act, 1961 (for short '1961 Act') is seeking setting aside of order dated 31.01.2025 passed by Income Tax Appellate Tribunal, Chandigarh.

3. The appellant has raised following questions for adjudication by this Court:-

(i) Whether on facts and in the circumstances of the case, the ITAT is right in law in permitting the change in method of accounting with regard to the valuation of closing stock from absorption cost method to direct cost method?

(ii) Whether on the facts and circumstances of the case, the ITAT is correct in law in holding that proportionate management expenses are to be deducted from gross dividend for the purpose of deduction under Section 80M of 1961 Act?

(iii) Whether on the facts and in the circumstances of the case, the ITAT was right in law in upholding the order of the CIT (Appeals) in deleting the addition made on account of change in the method of valuation of closing stock in respect of excise duty?

(iv) Whether on the facts and in the circumstances of the case, the ITAT was right in law in upholding the order of the CIT(Appeals) in deleting the addition made on account of disallowance of claim for deduction u/s 80-I of the 1961 Act, in as much as the machineries had been installed in the same existing factory premises, as no mention of expansion of the existing factory in the annual report of the company was there and or any separate accounts & other details relating to unit for which deduction u/s 80-I was claimed, were maintained?

(v) Whether on the facts and in the circumstances of the case, the ITAT was right in law in upholding the order of the CIT (A) in deleting the addition made on account of deemed interest from deposits given to the landlords for leased premises hired for the use of certain directors and top employees of the assessee?

(vi) Whether on the facts and in the circumstances of the case, the ITAT was right in holding that Excise Duty and Sales Tax will not form part of 'total turnover' while computing deduction under Section 80HHC?

4. Learned counsel for the parties are *ad idem* that questions No.1 to 5 stand covered by order dated 27.11.2025 passed by this Court in *ITR No.62 to 65 of 1995* and order dated 19.01.2026 passed in *ITA-269-2009*. Question No.6 stands settled by Hon'ble Supreme Court in ***"CIT Vs. Lakshmi Machine*** **Works", [2007] 160 Taxman 404 (SC)** against the Revenue.

5. Questions No.1 to 5 stand answered in terms of order dated 27.11.2025 passed in *ITR No.62 to 65 of 1995* and order dated 19.01.2026 passed in *ITA-269-2009* by this Court and question No.6 stands answered in terms of ***Lakshmi Machine Works (supra).***

6. Disposed of in above terms.

7. Pending application(s), if any, stands disposed of.

(JAGMOHAN BANSAL)
JUDGE

(AMARINDER SINGH GREWAL)
JUDGE

January 27, 2026
Deepak DPA

Whether Speaking/reasoned Yes/No
Whether Reportable Yes/No

DEEPAK BISSYAN
2026.01.28 10:48
I attest to the accuracy and integrity of this document